

# ROHR INTERNATIONAL

## Weekly Report & Event SUMMARY PERSPECTIVE

Wednesday, October 23, 2013

*“Chance favors the prepared mind.” –L. Pasteur*

▪ **Macro-Technical Trend Perspective:** Everything old is new again on US weakening. It means ‘bad news is good news’ for now. What can we say? The first vestige of the ‘bad news’ from the extended US budget and Debt Ceiling crisis weakening of the US economy was the strength of primary government bond markets. That was even in the face of equities strong rally on resolution of the US political impasse last Wednesday. There can be little doubt the short-term market decision was warranted on equities significant selloff after the mid-September FOMC ‘no taper’ surprise was almost totally on the basis of concerns over the US fiscal and Debt Ceiling showdown. And yet, the 16-day government shutdown had undoubtedly also shaved a bit of growth off previous Q-4 US GDP estimates.

And along with the prospect of even greater extension of QE due to uncertain data at the very least, the T-note acted very well. More on that renewed QE-Infinity psychology in yesterday’s **Rohr-Blog Commentary** (<http://bit.ly/1fVdoyP>) post, with additional perspective to follow. The bottom line seems to be that **QE-Infinity is good for what ails you... unless you’re the US dollar**. We expect more of the same, and the govies are in a particularly critical phase after their recent rally. The fine line analysis is best reviewed in extensive graphical analysis...

And there is a **TrendView Video** from this morning (<http://bit.ly/1cXqmZe>) that purposely waited for the release of the Bank of England meeting minutes in addition to the extended reaction to yesterday’s US Employment report. As it updates all the technical trend ideas, the **Concise Market View** below will only repeat the technical projections and comments from last Thursday. As you might imagine, as a global view it is lengthy, and the timeline is shared in that lower section as well. We suggest scrolling to the parts most relevant to you.

▪ **Most Likely Critical Horizons:** It’s been a bit less contentious week... allowing that is a very low bar after the benighted Republican political efforts resulting in a US government shutdown for 16 days into last Thursday. That said, the data has shown it is still relevant in a very prismatic manner, as in the classical ‘bad news is good news’ response to today’s US Employment report. More on that in yesterday’s **‘QE Infinity...’** blog post. But for now, the remaining data for the week after Tuesday’s weaker than expected US Employment report includes today’s release of Bank of England meeting minutes that were more upbeat than expected, the Bank of Canada Rate (non-)Decision held steady at 1.00%, and a still weak US weekly MBA Mortgage Applications figure. Thursday brings the Japanese Cabinet Office Monthly Report and the start of the EU Leaders Two-Day Summit along with a speech by BoE’s Carney. But that’s along with China HSBC/Markit Flash Manufacturing PMI, Spanish Unemployment Rate, Euro-zone Advance PMIs, UK CBI data and US Initial Jobless Claims, Markit US PMI Preliminary, JOLTs Job Openings, New Home Sales and Kansas City Fed Manufacturing Activity. So it is quite a day, yet still followed on Friday by Japan National and Tokyo CPI and Corporate Service Price Index, German Import Prices and IFO Indices, Italian Retail Sales, UK GDP, US Durable Goods Orders and Capital Goods Orders and Shipments and Michigan Confidence. The question is how markets respond whether it is weak or strong.

This review of the schedule for official economic report releases and other communication, as well as fundamental or technical trend analysis comments, general news, central bank or finance ministers or political meetings, and specific events is strictly for educational purposes. The information is provided without consideration of portfolio requirements, suitability for financial risk or psychological state of any recipient. Any use of this information to implement actual trades or investments is the sole responsibility of the individual or entity authorizing that decision. This waives your right to claim of explicit or incidental liability for financial loss or forgone profit against Rohr International, Inc. or any of its informational contributors under all circumstances. Information contained herein may have already been disseminated to others who may have acted upon it, including principals or employees of the advisor. By review of previous and following pages you agree in whole with all of these various stipulations.

A service of **ROHR INTERNATIONAL, Inc.**

© 2013 All international rights reserved. Redistribution strictly prohibited without written consent

▪ Economic Data Highlights:

**Monday:** Japan Merchandise Trade Balance Total & All Industry Activity Index & Supermarket Sales & Leading and Coincident Indices & Convenience Store Sales, German PPI, Italian Industrial New Orders and Sales, Euro-Zone Government Debt-GDP Ratio, UK Rightmove House Prices, Canada Wholesale Sales, US Existing Home Sales & Construction Spending

**Tuesday:** China September Property Prices & Conference Board China September Leading Economic Index, UK Public Finances, US Employment report & Richmond Fed Manufacturing Index & Construction Spending

**Wednesday:** Australia Conference Board Leading Index & CPI, China MNI October Business Sentiment Indicator, French Business Confidence & Production Outlook, UK BBA Loans for House Purchase, Euro Area Second Quarter Government Debt, US MBA Mortgage Applications & Import Price Index & House Price Index, Euro-Zone Consumer Confidence

**Thursday:** China HSBC/Markit Flash Mfg PMI, Spanish Unemployment Rate, Euro-zone Advance PMIs, UK CBI Business Optimism and Trends Selling Prices and Trends Total Orders, US Initial Jobless Claims & Markit US PMI Preliminary & JOLTs Job Openings & New Home Sales & Kansas City Fed Manf. Activity

**Friday:** Japan National and Tokyo CPI & Corporate Service Price Index, German Import Price Index & IFO Indices, Italian Retail Sales, UK GDP & Index of Services, US Durable Goods Orders & Cap Goods Orders and Shipments & Michigan Confidence

▪ Central Banks, Finance Ministries, Political Influences & General Events:

**Monday:** BoJ's Kuroda, ECB's Coeure, ECB's Nowotny, German Bundesbank Monthly Report, Fed's Evans, BoE's Taylor

**Tuesday:** BoE's Bean

**Wednesday:** Berlusconi Hearing in Naples on Senate bribery charges, Bank of England Minutes, Bank of Canada Rate Decision and Statement, BoC's Polzoz & Macklem post-rate decision press conference, BoE's Bailey

**Thursday:** Japan Ministry of Finance Cabinet Office Monthly Economic Report, RBA's Lowe, Riksbank's Ingves, EU Leaders Two-Day Summit, BoE's Carney

**Friday:** Reserve Bank of Australia Annual Report 2013, EU Leaders Conclude Two-Day summit, ECB's Asmussen

▪ Government Debt Auctions or Operations:

**Monday:** ESFS

**Tuesday:** Japan, Spain

**Wednesday:** Germany, Italian announcement

**Thursday:** US, Italian announcement, US

**Friday:** Australia, ECB announces LTRO repayment, Italian announcement

Concise Market View

▪ As noted previous, the discussion of the December S&P 500 future being the key for the trend of the other equities and asset classes is not fitting at this time. With the extended influences from the US government shutdown creating incentives for everything to rally except the US dollar, the trend picture has each asset class dancing to its own tune.

Even as the **December S&P 500 future** has escaped its 1,735, extended oscillator resistance and already neared the next key threshold in the 1,755 area on that 'bad news is good news' QE influence, **govvies** have rallied as well on the sheer bad news. And the **US Dollar Index** hasn't liked any of it (neither the bad news nor prospect of further full-blown Fed QE activity.)

All of which is covered in the very extensive global **TrendView Video** from earlier this morning. The timeline opens with the typical discussion of macro (i.e. politico-economic) factors, shifting to the short-term **December S&P 500 future** view at 04:00 and intermediate term assessment at 06:50. That leads to the **other equities** from 10:00, **govvies** analysis beginning at 12:25, and **short money forwards** from 16:40. The **Foreign Exchange** section continues with the **US Dollar Index** at 18:50, jumping over to **Europe** at 20:15 and **Asia** at 22:50, followed by the **cross rates** at 25:10 and a brief return to the **December S&P 500 future** at 28:20. As we noted above, it is very extensive, and we suggest you take advantage of the timeline scrolling function at the bottom of the video to proceed to those sections most relevant for you.

The balance of the analysis remains very much in line (even if now also very evolved) from the levels and comments noted in last Thursday's **Current Rohr Technical Projections - Key Levels & Select Comments** available via the link near the top of the right-hand column in **Rohr-Blog** (<http://bit.ly/gMYZ1p>). Those will be updated after the US Close tomorrow.

**DEC S&P 500 Future: Much stronger than DJIA into 1,725-35 mid-September 'no-taper' surge lead contract high and oscillator resistance. Video analysis at <http://bit.ly/16U2Tae>.**

RES: 1,725-35; 1,760-65 (OSC); 1,682 (long term topping line)

SUPP: 1,700-05; 1,695; 1,685; 1,669-73; 1,652-56; 1,644; 1,630-25

**Government Bond Futures:** It still seemed to be a bear market in spite of the sharply bullish short-term response to FOMC "no taper" QE surprise. And yet continued disarray in US politics around budget process brought the 'haven' bid back to primary govvies. Even as partial US government shutdown cleared up now, the T-note was responding well on likely weakening of US Q4 GDP, and is now influencing the Gilt and Bund as well. Strong sister T-note holding low end of 126-00/125-21 led to surge above 126-16/-24, with mid 127-00 area critical, and with Gilt back above 109.84 and Bund back above 139.60.

DEC T-note: RES: 127-06/-16; 128-00; 128-14; 129-16; 130-00; 130-20 (12/08 hi)

SUPP: 126-16/-24 (UP Break); 126-00/125-21; 124-24/-16; 123-04/-16

DEC UK Gilt: RES: 110.50-.70; 111.75-.30; 112.50; 113.61-.28; 114.00; 114.50

SUPP: 110.20-109.84; 109.20-108.75; 108.15; 107.50; 106.50-.20

DEC Bund: RES: 140.10-.30; 141.00; 141.50-.75; 143.30-.50; 144.00-.40

SUPP: 139.60; 139.00; 138.41 (SEP low); 138.00-137.60; 137.00-136.70

**June 2015 Short Money Forward Futures:**

Eurodollar: RES: 33.34; 99.40-.425; 99.47 (all-time hi)

SUPP: 99.25-.29; 99.20; 99.12-.14; 99.06-.04; 99.00; 98.93-.87; 98.80

**Foreign Exchange: US Dollar**

**USD INDEX:** It was interesting to see daily MACD DOWN reversed on the June swing back above .8200. And yet, as the attempt to push above the more major mid-.8400 area resistance stalled, it fully reversed on the renewed consideration the US was 'easy' in wake of previous FOMC/Bernanke expressions... and more so on the recent FOMC QE "no taper" shock. Bounce from test of major .8000 area attempted to establish Inverse H&S Bottom, which has been destroyed by today's break. Looks like .7860-00 is next.

**RES:** .8080-50; .8150-40; .8210-25; .8260; .8300

**SUPP:** .8000-.7950; .7860-10; .7680-50; .7500; .7472-50

**EUR/USD:** Rally above 1.3450-1.3500 critical s.t. support, especially with mirror-image to US Dollar Index H&S Top attempt, also now destroyed by today's rally. 1.3710 looks like next resistance, yet with the 1.3836 Fib and even the 1.3950-1.4000 as likely targets.

**RES:** 1.3711; 1.3900; 1.40-1.41; 1.4250; 1.4500-80

**SUPP:** 1.3450-1.3550; 1.3350-00; 1.3200-50; 1.3150; 1.3080

**GBP/USD:** Finally pushing above prominent 1.5700-50 area and 1.5950-1.6000. Dip below the latter was s.t. DOWN Break critical resistance was also obliterated by today's rally. Right into next 1.6164 weekly DOWN CPR resistance with 1.6300 and 1.6379 above that.

**RES:** 1.6250-80; 1.6300; 1.6379 (JAN hi); 1.6500-50; 1.6619; 1.6748

**SUPP:** 1.6150; 1.6000-1.5950; 1.5880-1.5900; 1.5700-50; 1.5500-1.5450

**USD/JPY:** Even with BoJ aggressive QE acceleration, the confirmation Abe favors tax increases was likely to bolster the yen. Below 100 and 99 back in June left a 98.30 weekly channel DOWN Break, which was Negated. Of note this week saw yen weaken after test of 98.80 critical resistance. 97.00 critical support again this side of major mid-93.00s.

**RES:** 98.80; 100.00; 101.45-25; 103.30-.80; 105.00-.50; 110.00

**SUPP:** 97.00-96.71; 96.00; 95.00; 93.50-.00; 90.90-.30; 89.40

**AUD/USD:** Bad on weekly MACD DOWN on DOWN Break below .9850-00, with .9581-37 and .9388 major low failures. Yet weekly MACD back UP above the mid-upper .9200 UP Break & Fibs, and now above next low-.9500 Fib that opened door to .9700 area Fib test.

**RES:** .96.90-.9705; .9793; .9850-10; 1.0000-.9950; 1.0150-00

**SUPP:** .9581 (MAY 2012 lo); .9500; .9415; .9388 (OCT '11 low); .9275

**Foreign Exchange: Cross Rates:** Europe weakened against Asia of late, but the Aussie is much stronger than the yen as well. Other currencies strengthening against pound now in spite of GBP/USD recovery back above 1.6000. EUR/GBP holding and rebounding from .8350 low end of gradual down channel to Close higher two weeks ago was UP CPR that fomented further rally; now holding against mid-low .8400 support. With weak Australian dollar obviously reversed against recent US dollar weakness yen is a problem child, but still need to watch USD/JPY into 97.00 area on any further dip. EUR/AUD slippage below 1.4500 area congestion also breaking 1.4350 points to 1.4050 and 1.3950 next supports.

**EUR/JPY:** **RES:** 134.00; 137.00; 138.50-139.14; 140.00; 141.50

**SUPP:** 132.50-80; 130.80; 130.00; 127.94; 125.00-50; 124.00

**EUR/GBP: Pound regained strong sister status since summer. Repeated .8800 area euro failures led to drop below .8600 as well. Yet pound has now failed to press advantage on recent euro weakness below .8400 area. Daily MACD UP means euro can extend rally.**

**RES: .8475; .8550; .8650; .8700-50; .8800-30; .8880; .9000; .9085**

**SUPP: .8370-.8400; .8250-70; .8180-41; .8115; .8020-00**

**EUR/AUD: RES: 1.4265; 1.4400-1.4350; 1.4500-50; 1.4725; 1.4927; 1.5016;**

**SUPP: 1.4165; 1.4050; 1.3950; 1.3860-10; 1.3630; 1.3500; 1.3325**

We hope you find this helpful.

-Rohr

[www.rohrintl.com](http://www.rohrintl.com)

**Rohr-Blog:** Extended Observations, Calendar & Events Perspective, Tech & Comments

<http://rohrintlblog.wordpress.com/>

---

This analysis is confidential. It may also be legally privileged. While based upon information from sources believed reliable, the analyst(s) do(es) not accept liability for any errors or omissions, and (do)es not guarantee any profitability or avoidance of loss based upon content of the foregoing analysis.

Internet access cannot be guaranteed to be timely, secure, or error and virus-free.

Actual release dates may vary from those listed in the Perspective for various reasons, including (but not limited to) official changes to schedules, communications problems, natural disasters, erroneous initial listings in the source calendars from which data is derived, and simple human error.